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Lena Cavusoglu

Deniz Atik

*The University of Texas Rio Grande Valley*

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*Insights on Consumption Collectives Issue*

**Social Credibility:  
Trust Formation in Social Commerce**

Lena Cavusoglu<sup>a\*</sup> and Deniz Atik<sup>b</sup>

<sup>a</sup>Assistant Professor of Marketing, University of North Carolina at Pembroke, Pembroke, USA,  
[lena.cavusoglu@uncp.edu](mailto:lena.cavusoglu@uncp.edu)

<sup>b</sup>Assistant Professor of Marketing, The University of Texas Rio Grande Valley, Brownsville, USA,  
[deniz.atik@utrgv.edu](mailto:deniz.atik@utrgv.edu)

\*corresponding author

**ABSTRACT**

Trust formation in informal social commerce, also considered lateral exchange markets (LEMs) on social media platforms, has different dynamics from e-commerce and traditional consumer-to-consumer (C2C) exchange. These online markets are massive in scale; thus, it is an important phenomenon in consumer research. With a holistic perspective, we conducted in-depth interviews with Instagram consumers and sellers. Our research is among the first to reveal an empirical understanding of the critical dynamics of trust formation in LEMs within social commerce and contribute to theory by introducing a novel dimension termed *social credibility*. Social credibility surpasses the source credibility evaluations one step further from assessing the source itself to assess the credibility of the individuals who contribute to the source's reputation, such as reviewers, followers, and customers. Thus, we define social credibility as customers' assessments of LEM sellers' credibility through perceived homophily with other reviewers, followers, and customers.

**Keywords:** Instagram, social media, social commerce, online trust, credibility evaluations, social credibility

## INTRODUCTION

Trust formation in online shopping environments has been studied predominantly by information technology (IT) researchers, and much less so in marketing and consumer research (e.g., Plouffe, 2008). Additionally, trust formation and the consumer's need to look for specific cues towards a vendor during online shopping has been studied mostly in the e-commerce context, but studies focusing on the growing field of social commerce, also in this journal (e.g., Soule and Hanson, 2018), are scarce. Since informal exchange platforms that is termed as peer-to-peer (P2P) or consumer-to-consumer (C2C) constitute an important shopping market on social media for consumers (Plouffe, 2008), our research aims to fill the gap in the literature by answering the following research question: How do consumers generate trust in an informal social commerce platform such as Instagram?

Before delving into the theoretical background, it is essential to understand the study's context, which is an informal social commerce setting on Instagram. Social commerce is e-commerce that utilizes social networking sites (SNSs) (Ahmad and Laroche, 2017). Although Instagram started as a photo- and video-sharing social media site, over time, its function has extended to be an efficient free platform for innovative entrepreneurs, especially those starting up businesses. Users can perform various transactions, and these often involve the buying and selling of items such as clothing, hand-made accessories, art, or even puppies on Instagram shops. Shopify (2018) analyzed over 500K orders resulted from SNSs and reported that Instagram has the highest average order value when compared against Facebook, Twitter, and Pinterest. Since Instagram is a leading social commerce platform, we employed Instagram as our study context. We refer to Instagram shops as "*Insta-shop*" throughout this manuscript. We define Insta-shops as informal because the shops that we are investigating are unregulated, unregistered, and unrecognized legally. All information, products, and money are exchanged between sellers and consumers using intermediary online platforms such as WhatsApp and PayPal with no contracts, no invoices, and no official guarantees. Therefore, consumers are prone to vulnerabilities of this digital shopping marketplace (Kucuk, 2016).

While Insta-shops are technically P2P social commerce platforms, the term P2P has come to refer to shared platforms with decentralized infrastructures (such as Kazaa, Wikipedia, or Morpheus) that exclude the original manufacturer of the traded commodity from the transaction

(Denegri-Knott et al., 2006). When used for markets as Insta-shops that involve experienced sellers and buyers, Perren and Kozinets (2017) criticized the word "peer," and they proposed the use of lateral exchange markets (LEMs) instead, which serves as a good baseline for this study.

Our study provides significant insights into how trust is built between geographically dispersed and unacquainted sellers and buyers within a paperless commercial transaction environment—where paperless means no contracts, no invoices, no official guarantees. Since, in a LEM context within social commerce, there is a high risk of being vulnerable to fraud, we explore how initial trust is formed between Insta-buyers and Insta-sellers.

Our analysis reveals the influence of consumers' digital-social personas on trust formation. Digital-social persona is described as the self-generated "digital dossiers" of consumers on social media platforms that involve different aspects of personal data such as individuals' lifestyles and identities (Venkatesh, 2016, p. 380). For instance, in an e-commerce B2C market such as Amazon, consumers can access other consumers' product/shop reviews, but they cannot obtain information relating to their identities and lifestyles. In this sense, Insta-shop is a unique context, which reveals new insights about informal social commerce markets that have not been studied before.

By investigating digital-social personas, such as the online presence, identity, lifestyle, and digital reputation of Instagram buyers and sellers who are strangers to each other, our findings extend and enhance the existing trust components. More specifically, we contribute to the trust literature by introducing a novel component of credibility evaluations termed *social credibility*. Our study is also original in that it empirically incorporates both buyers' and sellers' perspectives to understand how initial trust develops in vulnerable informal markets. Therefore, the findings of this study are not one-sided.

In the following sections, we first discuss the relevant theoretical background on LEMs within social commerce, credibility evaluations, social capital, and digital reputation, and briefly explain the influence of digital-social personas on trust formation. Then, we explain our methodology, which is guided by qualitative data and a phenomenological perspective that allowed us to explore novel findings on how trust is generated in social commerce context. Next, we present our findings by employing media credibility evaluations, namely medium, source, and message credibility, to explain how initial trust in Insta-shops occurs. In our discussion section, we introduce a new component of trust, *social credibility*, and show the managerial implications of

our research. We conclude this manuscript with a summary of the study, its limitations, and suggestions for future research.

## **THEORETICAL BACKGROUND**

### **LEMs within Social Commerce**

Social commerce is an amalgamation of social media and e-commerce (Lu and Fan, 2014), which originated during the evolution of social technology from a social connection platform to an alternative business platform. According to Aberer and Depotovic (2001), social commerce markets are P2P shopping environments, "where one frequently encounters unknown agents" (p. 310). Perren and Kozinets (2017) questioned the term "peer" when using it to define such markets that include professional sellers and buyers. They described these commercial platforms as a lateral exchange markets (LEMs), which are "markets that is formed through an intermediating technology platform (such as Instagram) that facilitates exchange activities among a network of equivalently-positioned economic actors" (p. 21). Insta-shop activities allow for lateral exchange where "buyers and sellers have no prior experience with one another and occupy roughly equivalent positions in the network" (Perren and Kozinets, 2017, p.23). In other words, both Insta-sellers and Insta-consumers are all everyday people interacting with one another rather than the traditional large-scale firms, with major financial and personnel power, selling to an end-user. Additionally, their participation in Instagram is equal. For instance, an Insta-seller can at the same time be an Insta-consumer, and vice versa. In LEMs such as Insta-shops, trust formation becomes even more crucial due to the "hybrid and ambiguous status" of the platform (Arsel and Dobscha 2011, p. 66). Scaraboto (2015) explained the hybrid characteristics of such markets using the notion of collaborative consumer-producer engagement for value creation and exchange. Following the suggestion made by Perren and Kozinets (2017), this study considers Insta-shops as LEMs within social commerce since most participants of this study are sellers and consumers at the same time.

Many scholars have previously studied various aspects of social commerce. Some of their interest include the following: the development of trust through word-of-mouth (Hajli et al.,

2014); the relationship between social factors and the user's intention of future participation in social commerce (Liang et al., 2011); user characteristics, social influence, and intentions to engage in social e-shopping (Kang and Johnson, 2013); and user experience in social commerce (e.g., Erragcha and Romdhane, 2014; Huang and Benyoucef, 2015; Shin, 2013; Zhang et al., 2014).

Table 1 presents the body of work investigating trust in social commerce, which sets the stage for our research context, and demonstrates the need for this study's specific perspective. One of the most recent studies discovered that social support and customer review quality influence the success of e-commerce based social commerce (Lin, Wang, and Hajli, 2019). The authors suggest further research to explore other antecedents of social commerce trust through different theoretical lenses. Additionally, Shwadin, Philip, and Leigh (2019) showed that users transfer their existing trust to social commerce from their prior trustworthy experiences within social networking platforms. These include recommendations, referrals, and familiarity with the platform. Similarly, Qin and Kong (2015) showed that other users' perceived trustworthiness in a specific social commerce site affects the perceived trustworthiness of the social commerce platform and the perceived helpfulness of others' shopping recommendations. Authors have mainly focused on other users' competence (e.g., bloggers) while investigating perceived trustworthiness. They ignored the influence of ordinary users who may not be competent in a specific area. Hajli et al. (2017) explored the role of trust in consumers' buying decisions from e-vendors on the social commerce platform: Facebook. They revealed that trust in a particular SNS increases information-seeking behavior within the platform, which in turn increases familiarity, the sense of social presence, and consequently purchase intentions. Since authors limited their study's context to Facebook, they suggest further studies on trust with other SNSs. Kim and Park (2013) and Han (2014) showed the impact of various social commerce characteristics (e.g., reputation, size, transaction safety, information quality, word-of-mouth referrals, communication, and informativeness) on trust and purchase. However, all these studies neglected the influence of users' digital-social personas as one of the social commerce characteristics.

As a result, studies on credibility evaluations have mainly focused on the relationship quality between consumers and sellers (Shwadin, Philip, and Leigh, 2019) and the trust characteristics of sellers on the online platform from the vendor's perspective (e.g., Yahia et al., 2018; Chen et al. 2017). Those studies failed to incorporate consumers' views (e.g., Lin et al.

2019). We, however, took a holistic approach and studied both consumers' and sellers' perspectives on trust formation.

*Insert Table 1 about here*

## **Trust Formation and Credibility Evaluations**

Trust is a multidimensional, complex, and multifaceted construct (Gefen et al., 2003; McKnight et al., 2002) conceptualized and defined in various ways. Some scholars have described trust as a belief in an attribute of the trustee (Menon et al., 1999), whereas others have defined trust as a willingness to believe the trustee, namely the merchant (Fung and Lee, 1999). Thus, trust is the willingness to take a risk (Mayer et al., 1995). Although scholars have defined trust in different ways, they have all agreed that it directly impacts what consumers choose to do in its presence or absence (Dasgupta, 2000). In this paper, we adopt the trust concept proposed by Shin (2013), who defines trust as an action that results from a set of relationships that are supported by willingness and confidence. Since the Insta-shop business model works based on buyers' willingness to follow a shop, and transactions are finalized based on trust between sellers and buyers, we find the definition of trust by Shin (2013) as most suitable.

Although researchers have extensively discussed the issue of trust and its significance in the context of e-commerce (e.g., Kim and Peterson, 2017; Morrison and Firmstone, 2000; Corbitt et al., 2003; Mukherjee and Nath, 2007), social commerce is a relatively new research domain, and currently, there are a limited number of studies on trust in a social commerce setting (e.g., Lee, 2015; Esmaeili et al., 2015, Taheria and Shourmasti, 2016; Hajli et al., 2017).

Initial trust is especially important in LEMs since the seller is often not an official company but a single individual and no formal mechanisms that guarantee the buyer's rights exist. McKnight et al. (1998) defined the initial trust as "trust in an unfamiliar trustee, a relationship in which the actors do not yet have credible, meaningful information about or affective bonds with each other" (p. 335). Therefore, credibility evaluations are vital for convincing consumers that the trustee is trustworthy (Lucassen and Schraagen, 2012; Ziegele and Weber, 2015).

Theoretically, credibility has three dimensions: medium, source, and message credibility (e.g., Cosenza et al., 2015; Eysenbach, 2008). Medium credibility is associated with trust in a particular medium, such as newspapers, the Internet, and books. Medium credibility consists of a concern for privacy and a feeling of autonomy and comfort, which are especially significant in social commerce platforms (Shin, 2013). The medium of this study is Internet, more specifically Instagram, an SSN.

Since the source communicates more specific clues about a vendor's trustworthiness, medium credibility is followed by source credibility (Lucassen and Schraagen, 2011). Walther and Parks (2002) argued that source-related credibility is ascribed through alternative clues, including but not limited to e-window display such as the website design, product pictures and videos, information provided about the seller and the store. Additionally, electronic word-of-mouth in the form of user reviews, customer ratings, recommendations, and referrals, even though reviewers and readers are complete strangers, are considered as alternative clues of the source (Shan, 2016). If users doubt the source, they will most likely look for clues in the message itself.

Consequently, a more specific form of trust is attained through the message credibility of the source (Sundar et al., 2007). Message credibility is evaluated based on direct interaction with the vendor (who is the source) using various communication channels. Consumers tend to have specific criteria for this type of credibility, such as a clear description of the service or product, quick response, honesty and sincerity from the vendor, and fair pricing (Delone and Mclean, 2014).

Most of these theoretical debates on credibility relate to various types of platforms, including information exchange platforms such as Twitter and LinkedIn, B2C e-commerce sites such as Amazon and Groupon, and P2P e-commerce sites such as eBay, Etsy and Craigslist (e.g., Pavlou and Gefen, 2002). However, as we mentioned in our introduction, LEMs on social media platforms such as Insta-shops, Facebook Marketplace, and Pinterest have different dynamics such as source's social capital and digital reputation, which will be discussed in the next section.



## Social Capital and Digital Reputation

With the rise of social media, “some form of public affect, like reputation,” has emerged as a new “standard of value,” which became the direct component of capitalist productivity (Arvidsson and Peitersen, 2009, p. 8-9). Before the digital era, it was not easy to entirely comprehend the scope and power of social relationships and networks. Today, social media platforms like Instagram and Facebook provide data to see the numbers of connections a media consumer has and assess their quality (Arvidsson and Bonini, 2014). “This means that what used to be private or “intimate” information is now becoming a public parameter that can, and is, deployed in evaluating the overall social worth of a person or organization” (Arvidsson and Peitersen, 2009, p. 18). It is possible to get a sense of a person's overall social capital through the advent of publicly accessible information about their affective bonds, which can then be calculated, rationalized, and interpreted as their “digital reputation” (Hearn, 2010).

The digital reputation – the public perception or opinion about a product, individual, or service – can be conveyed as social capital (Hearn, 2010). For example, an eBay ranking of a buyer or seller, the number of friends on Facebook, or followers on Instagram are considered indicators of digital reputation. Therefore, media consumers have become empowered participants in an evolving online reputation economy where feelings and opinions are shared in the form of ranking, rating, and following, which are the central components of the digital reputation, contributing to the increasing circulation of social capital (Adler and Kwon, 2002; Smith, 2008). As a result, today, many individuals are now developing participatory economic systems on social media based on social capital dynamics, where participants not only generate various forms of content but also contribute to the system by valuing content (Arvidsson, Caliandro, Airoidi, and Barina, 2016).

Due to its interdisciplinary use, “social capital” has multiple conceptualizations and definitions (e.g., Bourdieu 1986, Daniel, Schwier, and McCalla 2003). In this research, we utilize Bourdieu's (1986) conceptualization of social capital, which is considered as public good that is not owned by a single individual but instead exists in the social interactions between media users. Thus, according to this conceptualization, the social capital concept focuses on individuals' social roles, which establish influence and status within their social networks rather than broad social networks (Sandefur and Laumann, 2000). In this study's context, the rising numbers of

followers on social media demonstrate the growing social capital and, thus, digital reputation of an Insta-seller. More followers mean more visibility on Instagram, which results in increased reach and engagement with consumers to sell more products. Therefore, after an Insta-seller grows a remarkable number of followers, his/her social capital increases, and thus he/she is perceived and recognized as legitimate and reputable (Bourdieu, 1989).

When a media consumer voluntarily engages with a virtual community in terms of following, likes, and comments, this engagement increases the social capital of the source (in this case, the owner of the Insta-shop account who is the content creator) (Putnam 1993). Consequently, after repeated interactions and observations, social trust becomes a generalized norm of the community in a way where "it makes sense to risk entering into exchanges," even though "one does not yet have either an ongoing relationship or reasons of reputation to trust" (Hardin 2001, 15).

This research reveals how initial trust forms between community participants and the Insta-seller before a monetary transaction occurs. We argue that two different Insta-sellers with similar social capital (follower numbers and size of the social network) and digital reputations (ratings, number of positive reviews) might not be considered as equally trustworthy due to different dynamics. We explain this phenomenon through the analysis of our findings, proposing a new form of reputation assessment we term *social credibility*. Before explaining social credibility, it is essential to understand the influence of digital-social personas on trust formation.

## **Digital-social Personas and Trust Formation**

Social media has evolved into one of the most efficient platforms for presenting identities to others through posting varied content such as photographs, videos, links, and textual information (Herring and Kapidzic, 2015). The desire to make an ideal impression is one of the motivations for creating digital-social personas on social media by providing identity-descriptive information (Schlenker, 1980). Research has found that social attraction, relationships with vendors and repeat purchase of a brand increase when social media users disclose identity-descriptive information (Fazal-e-hasan et al., 2019; Ren et al. 2007). The construction and verification of identity are primary motivations for providing identity-descriptive information (digital-social personas) to others who are usually followers. The digital-social persona presents

how users dress and behave, what places they visit, and what possessions they purchase, such as cars, houses, or fashion brands (Forman et al., 2008; Venkatesh, 2016). Such information is often used as the basis for social comparison, which refers to the evaluation of self-standing through comparison with other similar individuals (Michinov and Primois, 2005). A large body of research in social psychology has found that social comparison affects behavior (e.g., Chen et al., 2010). When a valued person displays a particular behavior, others will likely do the same. This supports that social influence has a psychological effect on the formation of trust and purchasing behavior within an online context (Otabia and Hossan, 2016).

In the context of Amazon, a B2C e-commerce site, Kozinets (2016) argued that consumers determine a particular reviewer's resemblance to themselves. Then they determine from the online review whether a specific product is suitable for them. However, Amazon's shopping experience is very different from LEMs in social media platforms. In Insta-shops (also in Facebook marketplaces), user (who is the reviewer) profiles are much more enriched through photographs, videos, text, and lifestyle clues about the person. LEMs are uniquely rich in providing information about digital-social personas relative to other online selling platforms. Consequently, LEMs offer a novel context to explore the processes by which exchange partners assess credibility and develop trust.

## METHODOLOGY

For our research methodology, we adopted an existential-phenomenological approach, which is concerned with generating a deep understanding of how individuals describe an experiential phenomenon and its meanings (Thompson, Locander, and Pollio 1989). Empirical dynamics, including but not limited to individuals' motivations, intentions, and experiences, are not accessible through experiments, surveys, or database modeling (Arnould and Thompson 2005). Therefore, garnering insight into intrapersonal dynamics, including individuals' motivations, intentions, and interpretations of social clues, requires flexible data collection tools such as interviews (Fontana and Frey, 2000).

The interview is one of the most effective tools to gain a comprehensive insight into another person's experiences (Kvale 1983). In-depth interviews allow researchers to gain a rich description and thorough understanding of the situation at hand and to provide a higher breath of

data compared to structured interviews or questionnaires, where there is little space for informant's creativity because the responses are limited to the specific questions (Fontana and Frey, 2000). As a result, we employed semi-structured in-depth interviews to gain insight into how consumers in Insta-shops assess the credibility and develop the trust that makes them willing to make purchase decisions.

The study consists of 17 semi-structured in-depth interviews with both Insta-shop sellers and consumers who were between the ages of 26 and 35 and located in the USA. According to Zaltman and Coulter (1995), even a small number of in-depth interviews focused on identifying core themes can provide up to 90% of the information available from a large set of interviews. Still, we continued data collection until the study reached data saturation and no new concepts or themes emerged from the interviews (Mason, 2002).

Our sample size was large enough to answer our research question because, during the interviews, we realized that many of the sellers were at the same time consumers on Insta-shops, which, as argued by Perren and Kozinets (2017), is one of the main features of a LEM. Subsequently, these participants were asked questions concerning both roles, and we collected an ample amount of insightful data. Table 2 summarizes the background information of these participants. All Insta-sellers and Insta-consumers are ordinary, everyday Instagram users, meaning that they are not influencers, bloggers, or social media icons.

Johnson (2015) suggested that almost all qualitative research studies recruit participants exclusively based on personal ties. Accordingly, this study used a purposeful sampling. The first group of individuals was selected based on the relevant information they could provide for the study (Patton, 2015) and their willingness to participate (Barnard, 2002). After interviewing these participants—who were identified through the researchers' social connections—the study continued with snowball sampling, where one participant referred one or two other Insta-shop sellers or buyers.

The purpose of the study was disclosed to each participant, as recommended by Creswell (1998). Confidentiality and anonymity were ensured so that participants could feel comfortable to reveal private information. Any personal information that might potentially identify the person was altered in the report of the findings. The specific duration and location of each interview can be found in Table 2. All the interviews were recorded with the participants' permission to ensure that no information was missed. The interviews were manually transcribed verbatim while the

interview was still fresh, as this enabled us to revise the questions, if necessary, to resolve ambiguities in future interviews (Johnson, 2015).

*Insert Table 2 about here*

A requirement for the textual analysis is a thorough familiarity with the data set for a thematic framework to be constructed. A total of 15.5 hours of recorded data, resulted in 352 pages of transcripts, were examined word-by-word by open coding. During the open-coding process, as suggested by Strauss and Corbin (1998), tentative labels were created for themes that emerged from the data. The open-coding aimed to develop a descriptive and multidimensional preliminary framework from the raw data for later analysis (Spiggle 1994). For example, almost every person in our sample group (both consumer and seller) emphasized how easy it is to use Instagram. A robust conceptual theme emerged related to the "convenience" of Insta-shops as a social commerce platform. Previous studies showed that the higher the perceived ease of use, the greater the perceived usefulness of a technology, appreciation, and trust (Harper et al., 2010). With this information in mind, through axial coding (which is the process of relating open codes of data to each other), we associated the theme (convenience) to theory, specifically to medium credibility.

More importantly, through our several readings of the interview transcripts, we found key emerging themes that were not previously discussed in literature, such as the lurking behavior of Instagram users of other individuals (previous customers, fans, followers, sales representatives, etc.). With these themes, we could identify a novel dimension we call *social credibility*. This new dimension illustrates a fine example of grounded theory. Finally, the coding processes continued until no new concepts occurred, and we were only repeating the existing themes. Grouped data enabled us to discover both patterns and irregularities, compare differences and similarities among participants' responses, and organize a significant amount of raw text (Silverman, 2005).

Selective coding continued until we integrated the core concepts and their theoretical connections to the relevant categories (Glaser & Holton, 2004) and theoretical saturation occurred (Glaser, 1978). We adopted an existential-phenomenological approach for interpreting the textual data. The goal of this approach is to describe the views of the respondents

(Thompson, Locander and Pollio 1989), allowing for potential discoveries of meanings that might offer new understandings concerning the phenomenon under investigation. This approach in selective coding allowed us to contribute to theory through an inductive process.

Following the suggestion of Johnson (2015) to prevent biases caused by sampling techniques, we were "highly cognizant" when analyzing the data (p. 267).

We did not take the respondents' assertions at face value but instead reflected upon how individuals make meaning of their experiences (Sitz, 2008). We carried out regular checks of the transcripts, codes, our self-reflectivity, and the relevant theory until we came to a substantial agreement on the results. Therefore, during data analysis, the researcher triangulation enabled us to see a fuller picture of the phenomenon and added depth to the coding processes (Ritchie and Lewis, 2003).

## FINDINGS

It is critical to understand how an Insta-seller creates initial trust to convince a consumer to make the first purchase. According to Lucassen and Schraagen (2012), medium, source, and message credibility evaluations are essential for a trustor (i.e., Insta-consumer) to believe in the trustworthiness and competence of the trustee (i.e., Insta-seller). Following sections explore these credibility evaluations in the context of Instagram and reveal a new dimension termed *social credibility*.

### Medium Credibility

Trust toward the shopping platform is related to medium credibility evaluations, which is the first step in generating initial trust. In this case, the medium is Instagram. In the Insta-shop context, medium credibility derives from the platform's advantages to both sellers and consumers. The findings show three primary reasons to trust Instagram as a medium: 1) social influence, 2) convenience, and 3) economic gain.

Consumers reduce the risk of uncertainty and minimize their lack of knowledge by seeking opinions from friends, family, and acquaintances (e.g., Flynn et al., 1996). In Insta-shops such recommendations are also critical:

DIANA (consumer, 29): I have many friends who shop on Instagram. A few of my colleagues bought clothing on Instagram. I thought, "Why not? I can try this." Right now, I am looking for a swimsuit, but a unique and, most importantly, an affordable swimsuit. The range of options is actually one of the reasons why I prefer to shop on Instagram. Also, it is very easy.

DEVIN (seller, 29): [...] because it is easier. While sitting at home, I post two photos on Instagram every day, and I know that hundreds of women will message me. I write my cell phone number as contact information. I communicate with customers instantly.

Studies show that easy-to-use and time-efficient technologies that do not require advanced technical knowledge increase appreciation and trust towards the medium (Harper et al., 2010). Consumers consider the entire Instagram shopping journey to be a simple process from search to purchase while sellers consider Instagram the most interactive and valuable online selling platform. Therefore, convenience also plays a vital role in trusting Instagram as a medium in addition to the recommendations from friends and family.

Ultimately, economic gains play a significant role in generating trust toward the Insta-shop as a medium. Consumers, such as Diana, want to achieve uniqueness at competitive prices. Sellers, like Devin, enjoy making an income while staying at home and turning a hobby into a job.

## **Source Credibility**

As discussed in our literature review, once medium credibility is established, consumers look for source credibility. To generate trust toward the source—namely, the Insta-shop and the seller—consumers look for specific cues, such as product presentation, source's social capital and digital reputation (the number of followers, likes and comments, and consumer-generated content such as user reviews, customer ratings, influencer posts and celebrity endorsements) as noted by the following participants.



TERESA (consumer, 31): I know that Instagram consists of fake followers, commenters, and likers, so before I place an order, I know that I have to trust the seller. First, I check the photos that the seller posts. I check customer reviews written under those posts. So, I gain some insight into the seller and the shop. I check the follower numbers of the shop. I check the quality of the images. I try to understand the professionalism of the seller by looking at the photos she or he posts. If the place where the photos have been taken is geotagged, I also navigate to that place's Instagram profile to see what kind of a place it is.

As Teresa mentions, the window display of an Insta-shop is the first place that consumers check to see whether the vendor is trustworthy or not. They check the posts' dates and times to understand whether the account has been active for a while and the seller frequently shares content. Through the photos and videos, consumers try to assess the shop's integrity, the quality of the products, and the reliability of the seller. Inspiring visuals create an impression of professionalism regarding both the products and the vendor.

Almost all participants mentioned that the number of likes and comments under a post are essential indicators of quality and trustworthiness for those interested in or are willing to engage with the profile owner (Insta-seller). For instance, having low engagement (i.e., a low number of likes and comments) when the account has a high follower number is the root of suspicion for fraud toward an Insta-shop.

FATIMA (seller and consumer, 28): Since I am an Insta-shop owner and a consumer for a long time, I know the tricks on Instagram. Some sellers buy fake followers, likes, and even commenters just to create credibility for their shops. That's why when I buy from an Insta-shop, I try to understand whether the followers are fake or real.

As both Fatima and Teresa mentioned, other participants are also aware of these tricks. Although to eliminate these inauthentic follows, likes, and comments, Instagram sends warnings to identified users and asks them not to continue using automated apps to grow their audience (Constine, 2018); our study revealed that these apps are highly in use among Insta-sellers.



Since sellers are aware of the possibility of consumer suspicion, they provide as much information as they can about themselves and their lifestyle to their followers. For instance, some participants are sellers who do not have separate personal Instagram accounts. These sellers mentioned that posting private moments with their family and sharing travel, food, and shopping experiences help to develop a trustworthy image for the shop. In parallel, consumers stated that they feel more familiar with the seller if there are more posts regarding the seller's private life.

### **Message Credibility**

Consumers also check for message credibility during their conversations with the seller (the source) on instant-messaging tools. Giselle, noted how trust is formed through messaging interactions, such as this:

GISELLE (consumer, 34): WhatsApp conversations with the seller should be sincere and warm. It is crucial that the real intention is not to make a sale but to inform the buyer about an honest opinion in alignment with the individual's needs. For instance, I am irritated by conversations that exaggeratedly praise the product. It makes me think that there may be something wrong with the product.

If a consumer believes that the seller is trustworthy, they comment on the post to inform the seller that they want to order it. They then communicate with the seller through free services such as WhatsApp, which leads to direct interaction with the seller and generates message credibility. Addressing the needs, wants and requirements of customers with "courtesy and apparent interest" (Nystrom, 1936, p. 232) while maintaining goodwill (Burt, 1938) has been known to be critical in the formation of a permanent and mutually satisfying relationship between the buyer and seller. However, our findings reveal a deeper dynamic beyond the medium, source, and message credibility evaluations, namely *social credibility*, that we discuss in the next section.

### **Social Credibility**

Our findings show that LEM participants develop trust by lurking on the Instagram profiles of the seller's previous customers, fans, followers, likers, and reviewers. By lurking, they identify similarities between the seller's network and themselves. In other words, homophily contributes to credibility. In this way, we are one step beyond forming an assessment of source credibility to an assessment of the credibility of the source's social network, that is, the individuals who contribute to the source's digital reputation. We call this new dimension "*social credibility*."

TALYA (seller and consumer, 29): I check the personal Instagram profiles of the followers, likers, and the reviewers to understand whether they are real or fake. I randomly choose someone with a public account and check the number of photos she posted, her follower number, and posts' geotags. Also, I look at her dressing style and try to find a photo with a product from the Insta-shop I am interested in. I want to know more about that shop's followers. I mean about their personalities and lifestyle. If I think the followers are real and are people like me, then I am OK with buying from that shop.

Talya is aware of the increasing number of phishing scams (like Teresa and Fatima) and fake accounts that use stock images (i.e., fake product photos with purchased images from the Internet) and fake followers, likes, and comments. Therefore, she extends her credibility evaluations beyond the seller and the shop (the source) and checks other people's profiles associated with the Insta-shop to find trust indicators. Similarly, Fatima gathers additional credibility clues by checking others' digital-social personas. She explains her experience as below:

FATIMA (seller and consumer, 28): I choose a random account and check the person's bio on Instagram. I check if I have any mutual friends with this person. I check if she has any photos with her friends or family. I also look if anyone left a comment with a happy birthday wish or tagged her in a picture or shared anything with her. You know... I want to see daily life, real and authentic moments, interests, hobbies, style, etc. I want to see what kind of life this person has outside her computer. I want to see the checked-in places. Checking in Barcelona, or just a boutique hotel or a local Pizza place, tells me about her lifestyle, if she is cool, classy, extrovert, and stylish... or a loser [laughs].

Individuals mostly judge others based on what they consume and how they represent themselves through what they use and wear (Firat, 1994). Instagram hosts a wealth of identity-descriptive information. This information allows consumers to know others' details—such as their hometown, house, family and acquaintances, workplace, physical appearance, recently visited places, travels and vacations, and leisure-time activities. Thus, trust toward a shop can be generated by an attractive and likable digital-social persona of a stranger who is a reviewer, an owner of likes, a follower, or a previous customer of an Insta-shop. Therefore, social credibility extends credibility evaluations one step further by checking others' digital-social persona (who is not necessarily the seller of a specific Insta-shop). To better illustrate how social credibility operates, Figure 1 demonstrates the process of trust formation with a sample case of Insta-shopping, also expressed by Talya (29) as below:

TALYA (seller and consumer, 29): I just bought a dress from an Insta-shop. Let me show you... [from her Instagram app, she logs into ABC\_official's profile] This is the girl I saw on ABC\_official's account. Her name is Melissa. I clicked on her name and looked at her pictures. She has a great style and fashion taste. She has a great body, but I don't think she puts any effort into it. She has so many pictures eating junk food. She is genetically lucky [Talya laughs]. All her pictures are so fun, fresh, and colorful. She is a traveler. I saw that she has pictures in different countries. She has many friends that she travels with. I believe I read in one of her posts that she is an English tutor in a university. She must be smart. I liked that she combines street style with high fashion in an effortless way. Like she doesn't care. Look at this picture [Talya shows the same picture she saw at ABC\_official's account]. She is wearing the Insta-shop dress with Dior shoes and a Chanel purse. She must have the funds to afford luxury brands. She looks like she has it all. I liked her, so I ordered the same dress from ABC\_official.

The process starts when a consumer finds an Insta-shop after hearing about the convenience and economic advantages of it from others. In this case, the initial trust occurs through medium credibility, as previously discussed. The Insta-shop is "ABC\_official" in Image 1. As the first step, the consumer checks for source credibility such as the follower number (1094 followers) – which is often interpreted as the social capital of the seller –, the following number (the Insta-shop follows 210 accounts), and the number of posts (80 posts) to understand whether the account is active.

Then she scans the profile of the Insta-shop by checking the photos and videos. The quality of the photos and videos (e.g., aesthetics, compositions, and high-resolution) create a perception of professionalism. Once the consumer likes a product, she clicks on the photo, which transfers to a larger image of the product.

*Insert Figure 1 about here*

Image 2 is the dress that the consumer likes from ABC\_official's Instagram profile. In this phase, she checks the digital reputation of the shop - number of likes (40 likes) and the caption of the post (i.e., Until next summer. Bestseller black Bambi dress with polka dots). She also views the full post for a larger version of the photo to see the dress's details. After this, she returns to ABC\_official's Insta-shop (Image 3) and continues scanning the profile to see whether there are any other Bambi dress posts. In this phase, she checks whether other customers who bought and wore the dress are featured in the ABC\_official's Insta-shop profile. Once she finds a photo that features another customer wearing the dress (Image 3), she clicks on the photo to look for more credibility clues.

In Image 4, the consumer inspects the girl wearing the dress, reads the featured caption (i.e., Dreamgirl "Melissa" in Bambi dress, looking classy and beautiful), checks the number of likes (133 likes), and collects any evidence about Melissa's identity and lifestyle. Until this point, all the clues are collected from the Insta-shop's profile, which assess the social capital and digital reputation of the source.

When the consumer clicks on the user's name, "Melissa," Instagram transfers the consumer to Melissa's personal Instagram profile (Image 5). This is where we discover a new dimension on trust formation in LEMs within the context of social commerce. At this inflection point, source credibility shifts to *social credibility*.

In social credibility, evaluations shift outside of the source (the Insta-shop and the seller). New clues are gathered by looking at the digital-social persona of Melissa (Image 6) to understand her identity, culture, taste, and lifestyle by looking at her photos and videos. The scanning process continues until the consumer has an adequate understanding of Melissa, and she finds the same picture at Melissa's account (the photo that is posted in ABC\_official's profile). The consumer clicks on the photo to view the details (Image 7) and learns that Melissa

wore the dress in Rosewood, London, with her J'adior black shoes and Chanel purse. If the consumer has a similar fashion style and lifestyle (e.g., a traveler who values family and friends), or if she aspires to Melissa's lifestyle thus far, she is likely to generate trust toward the ABC\_official Insta-shop. When the consumer establishes through her Instagram account that Melissa is a real person, that she is likable or admirable, and that she has indeed purchased a dress from ABC\_official, then trust is established. As a result, the consumer navigates back to ABC\_official's Insta-shop and messages the seller to start a conversation about buying the Bambi dress, which reinforces the consumer's message credibility.

## DISCUSSION

### **Theoretical Contribution: Social Credibility**

We define social credibility as an assessment of LEM sellers' credibility through perceived homophily with other reviewers, followers, and customers. The value of the audience (social media followers) for online reputation, which is connected to online social capital, was demonstrated by Arvidsson and Bonini (2014). However, our study shows that, while a consumer first analyzes the seller's social capital (most commonly through the number of followers), trust does not develop based on these figures. Instead, the seller's trustworthiness is determined by evaluating the digital-social personas of others. Figure 2 visualizes the trust formation process between sellers and buyers in the social commerce context.

*Insert Figure 2 about here*

Two media users with the same number of followers (similar level of social capital) and similar interaction levels with their networks (digital reputation) do not form equivalent levels of trust. A media user randomly chooses a person from the social network of the source (like Melissa per the example above) and lurks on his/her social media account to assess his/her online self-presentation hoping to feel some connection. From this point and on, trust is established toward a shop if consumers can identify themselves with the individuals from the social network of the source (who follow or shop from the same Insta-shop) based on their appearance (e.g.,

body type and size), the way they dress, the brands they use, their hobbies and lifestyle, occupation, geotagged places, possessions, social circles, travels, and even the way they take photographs.

Figure 3 shows how social credibility is a crucial characteristic of social commerce, which is not observed in B2C (such as Amazon) or P2P e-commerce environments such as eBay or Craigslist. Those shopping sites do not allow consumers to view others' personal lifestyles (e.g., photos from special occasions or photos related to friends, family, and lifestyle) in such an overt manner. In most e-commerce marketplaces, even a reviewer's profile photo cannot be seen by another customer, and reviewers use nicknames to hide their real identities.

*Insert Figure 3 about here*

## **Practical Implications**

The introduction of social credibility as an enhancement of credibility evaluations shows the importance of the digital-social personas on social media to generate initial trust. Therefore, to build trust and an emotional connection with followers, sellers' personal social media account, their social commerce profile, and the digital-social personas in their social network all need to be consistent with each other. However, this finding should not be used by marketers for the exploitation of consumers by artificially modifying personal social media accounts or digital-social personas in line with business goals. Zwick, Bonsu, and Darmody (2008) discuss how the co-creative labor of consumers (the technical, social, and cultural knowledge that they share online) can be captured by marketers and repackaged for business profit purposes, which results in the exploitation of such creative forms of consumer labor. In fact, the main reason why consumers lurk in others' social media profiles is to find genuine clues about their lives instead of the fake follower numbers that marketers can gain.

Consumers need to feel a connection and identification, and they need to feel for a sense of belonging to build trust. If the follower, reviewer, or a liker profile of a social commerce shop is likable, consumers are more likely to purchase something from that store to belong to that crowd of followers. Accordingly featuring high-resolution customer photos in a social commerce marketplace to introduce the patrons might positively influence trust formation.

As previously discussed, in contrast to e-commerce, social commerce markets allow consumers to interact with each other. In addition to Instagram, the findings of this study also apply to Facebook Marketplace since Facebook makes it possible to get clues about users' life specifics. Similarly, before buying on Etsy and Pinterest, consumers may click on a product's reviewers and see information about their favorite items and shops, following and follower numbers, and wish lists. Since a limited view into personal life is visible, including the possibility of seeing the user's gender, profile picture, location, and self-written narrative on their profile page, the social credibility evaluations might apply in a limited manner. As a practical implication of social credibility, other P2P e-commerce marketplaces such as Amazon marketplace or eBay can allow their customers to create digital-social personas that provide clues about their life and identities.

## **CONCLUSION, LIMITATIONS AND FUTURE RESEARCH**

Several studies on social commerce (Liang et al., 2011; Shin, 2013; Hajli and Sims, 2015) investigated the motivations for seeking recommendations about a product or service and explored how peer recommendations, reviews, and ratings increase familiarity with the platform and positively influence the perceived trustworthiness of the social commerce market (Hajli et al., 2017; Jung and Suh Cho, 2016). However, all these studies focused on other users' competence (e.g., the skills of successful makeup bloggers or fashion bloggers' talent for styling) while investigating perceived trustworthiness. They did not look deep enough into other dynamics associated with the impact of other users' online identities (digital-social personas).

Therefore, our study contributes to theory by empirically demonstrating that in addition to other forms of credibility, social credibility influences trust formation between on-line buyers and sellers. We show how lurking other users of Instagram sites' online identities through their social media profiles impacts trust formation toward a particular shop. Accordingly, we propose social credibility as a novel and critical dimension of credibility evaluation for building trust in social commerce platforms. After a thorough online inspection and comparison, if consumers can establish the believability and likability of other customers, reviewers, and followers by assessing their lifestyles, personalities, tastes, and desires, then trust is more likely to occur.

This study reveals that although the importance of the online audience (follower number)



is linked to online social capital, comparing the sheer number of followers, likes, reviews, and other metrics amongst online LEM sellers does not necessarily mark an equivalent level of trust. Consumers assess the reliability of people in sellers' social network based on the perceived homophily.

On the other hand, social commerce platforms such as Twitter, Facebook, and Instagram, offer users the technological tools to evaluate the social capital and digital reputation of the accounts they follow. The affordances of these platforms thus shape the credibility assessments a user can take online. Therefore, it should be acknowledged that social credibility is a dimension that consumers can only evaluate on social commerce platforms that afford them to explore followers' profiles. Further research should investigate if social credibility is a necessary dimension of digital reputation in other online shopping platforms.

Instagram introduced shoppable tags that allow consumers to complete their shopping from discovery to checkout from an Instagram post, without leaving the app. Instead of an e-commerce site, consumers can view products in the Instagram feed of a brand. However, this new feature requires a legitimate business profile. At the time of this research, these e-commerce-based shopping features did not exist on Instagram. Therefore, future studies should examine consumers' decision-making processes on e-commerce-based social commerce shops. The impact of social credibility in this new shoppable Instagram feeds warrant new research areas.

We found in-depth interviews to be appropriate in generating rich insights about the social dynamics of establishing trust in social commerce markets. For future research, we recommend improving the study with Netnography as a methodological approach, as it specializes in collecting rich qualitative insights on social media (Kozinets, 2020). Furthermore, the participants of this study were mainly interested in and engaged with fashion apparel consumption. Future research can develop this research's findings by broadening the product categories studied on the same platform.

A survey by Pew Research Center (2016) showed that among all adults online, 32% use Instagram, and women are significantly more likely to use the platform across all age ranges. Accordingly, our sample consisted predominantly of female consumers; however, an investigation of gender differences may be relevant. The sample of this study consists of participants who live in the USA. To extend the generalizability of the results, a cross-cultural



study investigating cultural differences of trust formation in social commerce platforms and the evaluation of social credibility is needed.

Lastly, our findings showed that the quality and professionalism of photos and videos posted on Instagram are among the critical components for building trust. Our current study does not capture what kind of specific cues consumers look to identify a quality visual that influences trust formation. Considering the fast-evolving nature of the social commerce platforms, such further investigations are relevant both for scholars and practitioners.

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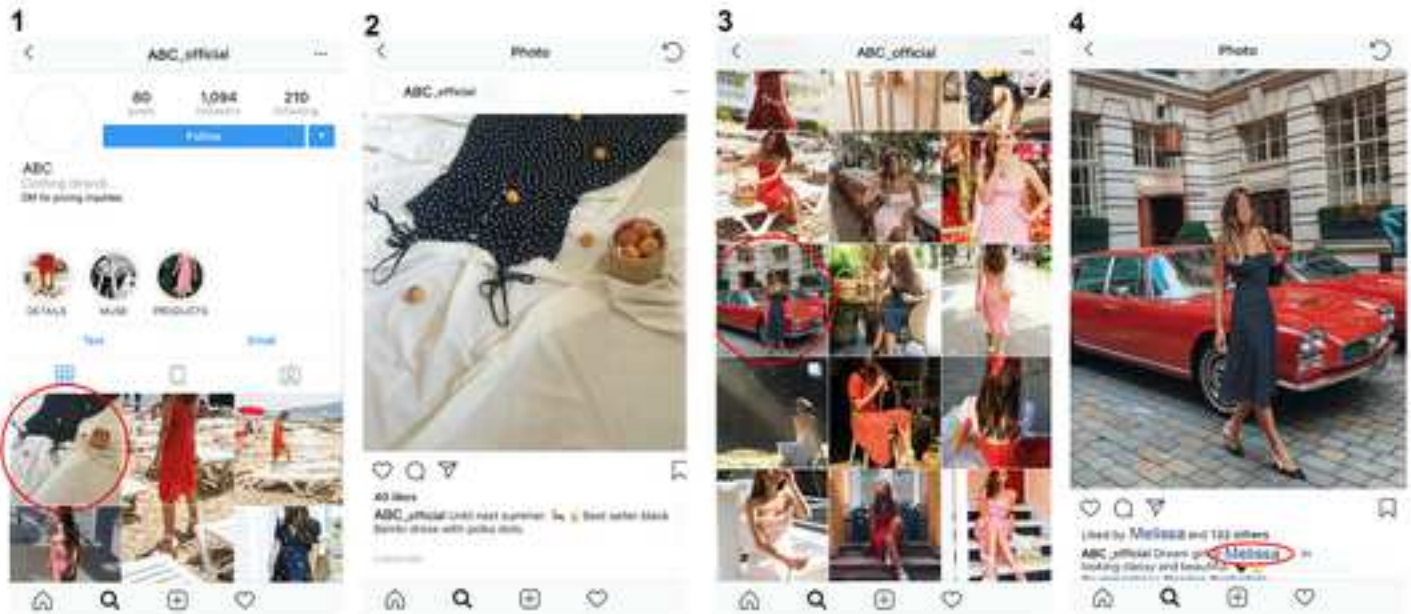
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*Figure 1. The process of trust building in Insta-shop through image example*

*Figure 2. Trust formation process between sellers and buyers based on credibility evaluations*

*Figure 3. Trust formation based on credibility evaluations in e-commerce versus social  
commerce*

## SOURCE CREDIBILITY

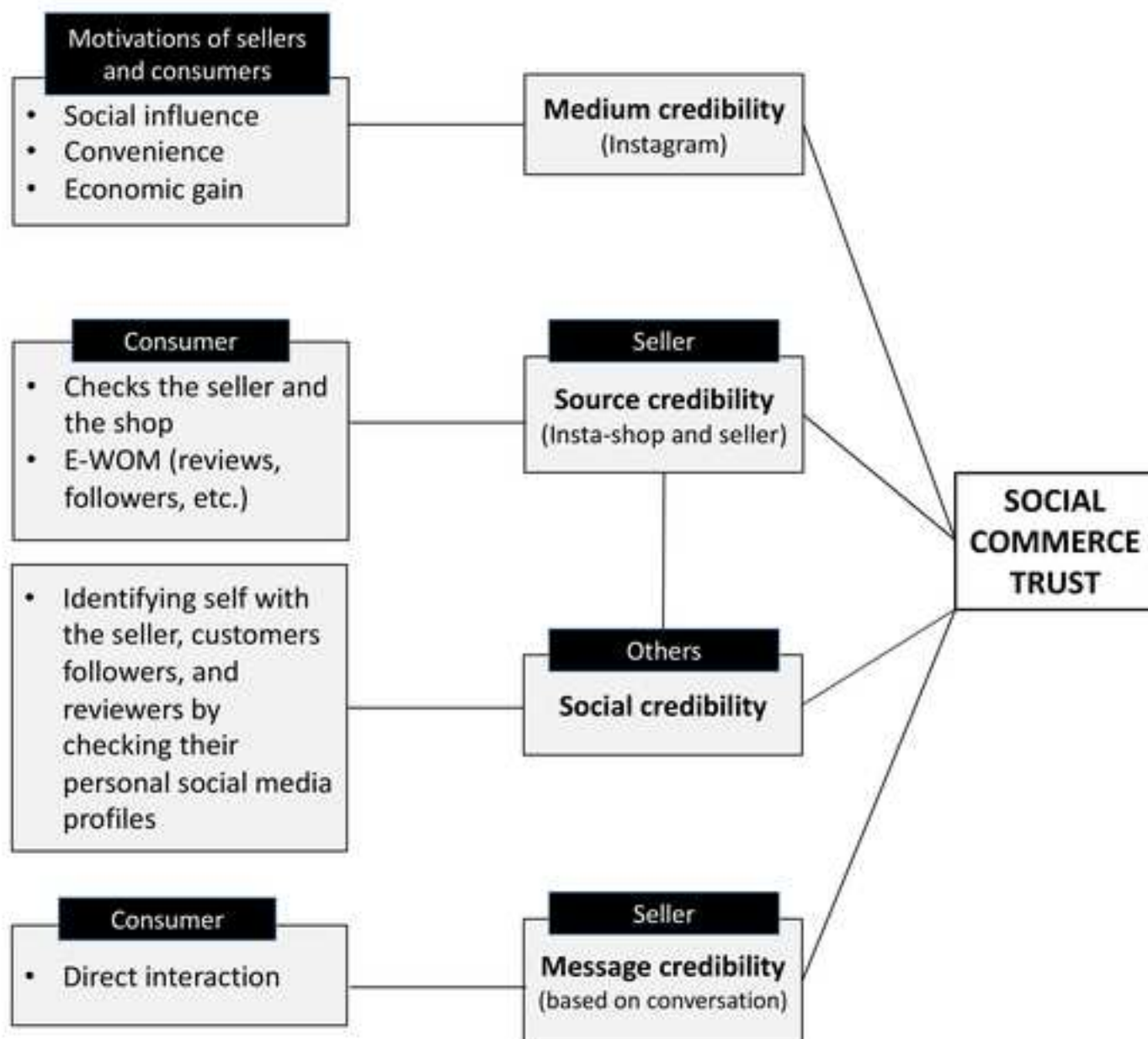


**Source credibility occurs within the Insta-shop's profile**

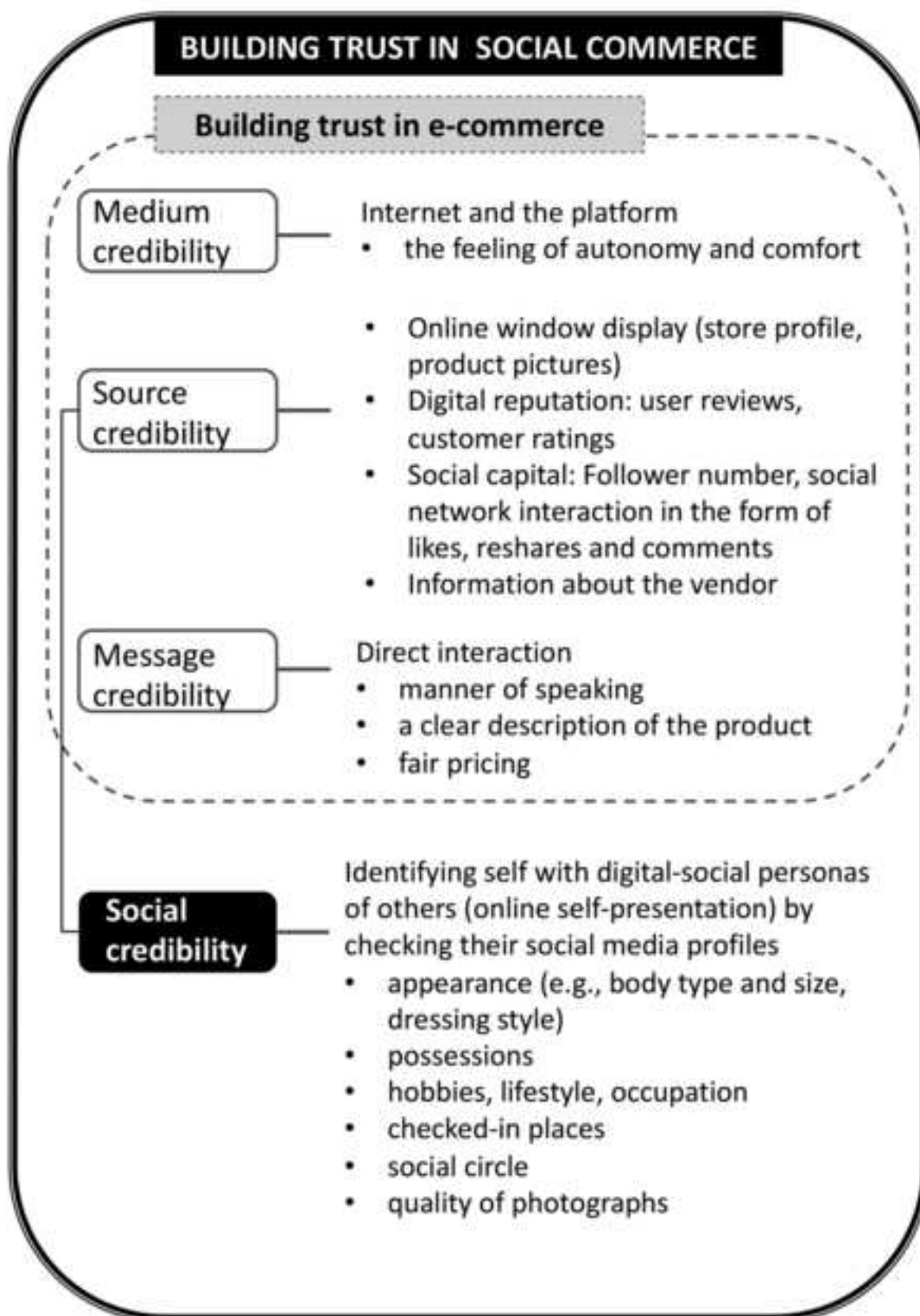
## SOCIAL CREDIBILITY



**Based on the seller's posts (the source) on an Insta-shop account, credibility evaluations shift outside of the source.**







-- Credibility evaluations for trust formation in e-commerce  
 == Credibility evaluations for trust formation in social commerce

**TABLE 1**  
*Synthesis of the related literature on trust formation in social commerce*

<b>Authors/year</b>	<b>Contribution/Findings</b>	<b>Limitations &amp; Suggestions</b>
<i>Lin, Wang, and Hajli (2019)</i>	Introduced <i>social commerce trust</i> by combining features of two contexts: e-commerce and social commerce. Social support and customer review quality are identified as key antecedents of social commerce trust while examining consumer decision-making in an e-commerce-based social commerce context	Future study is suggested to examine other antecedents of social commerce trust through other theoretical lenses.
<i>Shwadhin, Philip, and Leigh (2019)</i>	Trust can be transferred from one trusted source to another with which the trustor has little or no prior direct experience	The study analyzed behavioral intent as actual behavior. The problem is what is intended may not always be executed. Future study is suggested to explore additional factors that may influence the choice to engage in social commerce.
<i>Hajli et al. (2017)</i>	Trust in a particular social networking site increases information-seeking behavior within the platform, which in turn increases familiarity and the sense of social presence, and consequently purchase intentions.	The context is limited to Facebook. Experimental studies with other SNSs, such as Twitter, LinkedIn, Instagram, Xing, and Google+ are recommended.
<i>Jung and Suh Cho (2016)</i>	Word-of-mouth affects social commerce adaptation and purchase behavior.	Factors influencing word-of-mouth are neglected.
<i>Qin and Kong (2015)</i>	Perceived trustworthiness of other users who are present in a specific social commerce site affects the perceived trustworthiness of the social commerce platform and the perceived helpfulness of others' shopping recommendations	Authors suggest further investigation of other facets of trust, as their study only focused on the influence of "user competence" on perceived trustworthiness.
<i>Lu and Fan (2014)</i>	The social presence factor of social networking sites contributes significantly to trust building in online social commerce markets.	The influence of perception of others on trust formation is neglected in this study.
<i>Han (2014)</i>	The informativeness (providing adequate information) characteristic of a social networking site positively affects user trust and purchase intention.	The study ignores other social network characteristics that might affect decision makers' trust in social commerce context.
<i>Kim and Park (2013)</i>	Various social commerce characteristics (e.g., reputation, size, transaction safety, information quality, word-of-mouth referrals, and communication) influence trust behavior and purchase and word-of-mouth intentions.	Authors did not consider users' online identity presentation as one of the characteristics of social commerce.

TABLE 2  
*Informants of the study*

No	Age	Name	Gender	Family	Occupation	Instagram Usage**	Follower Number*	Duration of the interview	Place of the interview
1	27	Tom	Male	Single	Fitness trainer	S	14000	43:09	at the gym
2	27	Emily	Female	Married	Sales specialist	S	2114	50:54	in her office
3	27	Yagmur	Female	Single	Student	S&C	333	52:55	in a coffee shop
4	28	Fatima	Female	Single	Style editor	S&C	2330	01:10:47	in a coffee shop
5	29	Talya	Female	Married	Sales director	S&C	3947	01:13:17	in her house
6	29	Laura	Female	Married	Student	S	641	01:32:45	at her university
7	29	Diana	Female	Single	Finance Specialist	C		01:23:31	in a mutual friend's house
8	29	Merve	Female	Single	Sales Rep.	S	6852	01:27:34	in her house
9	29	Tatiana	Female	Single	Student	S&C	547	35:50	in a coffee shop
10	29	Emma	Female	Single	Student	C		43:51	at her university
11	29	Camila	Female	Single	Social Media Specialist	S&C	1128	47:34	in a coffee shop
12	31	Devin	Female	Married	Housewife	S	63500	1:37:33	in her house
13	31	Teresa	Female	Married	Secretary	C		51:16	in her office
14	31	Zoe	Female	Single	Housewife	S&C	2255	55:17	in a coffee shop
15	34	Giselle	Female	Single	Operations director	C		36:07	in a coffee shop
16	35	Odette	Female	Married	Housewife	S&C	250	54:28	at the gym
17	36	Mary	Female	Married	Housewife	S	4523	01:15:20	in her house
								<b>TOTAL:</b> <b>15,5 hours</b>	

\*Follower numbers of Insta-shops as of 31.05.2018

\*\* S: Seller, C: Consumer